



Department of Housing and Urban Development
Public and Indian Housing

Special Attention:
Section 8 Public Housing Agencies;
Public Housing Office Directors

Notice PIH 99-35 (HA)

Issued: August 11, 1999

Expires: August 31, 2000

Cross References:

Subject: Housing Choice Voucher Rent Formula under the Section 8
Merger Rule, including Form HUD-50058 Instructions

1. Purpose This notice provides the new housing choice voucher rent formula (including the manufactured home space rent formula) and special instructions for completing form HUD-50058, Family Report, for Section 8 families assisted under the housing choice voucher program under the interim rule for the statutory merger of the Section 8 certificate and voucher programs (the "merger rule").

2. Background On May 14, 1999, the Department issued an interim rule for the statutory merger of the Section 8 certificate and voucher programs which was scheduled to take effect August 12, 1999. The Department has recently decided to delay the effective date of the merger rule until October 1, 1999 to allow PHAs more time to prepare for implementation. A Federal Register notice will be published shortly officially announcing the change of the effective date to October 1, 1999.

The merger rule provides a new method for calculating the voucher housing assistance payment and the family share. Starting October 1, 1999 PHAs must assist all Section 8 tenant-based program families who are newly admitted and all Section 8 tenant-based program families who enter new leases in accordance with the merger rule and the new voucher rent formula in Attachment 1 of this notice.

The merger rule also provides that, starting on the merger date (October 1, 1999), any family assisted under a pre-merger HAP contract for a voucher tenancy or for the over-FMR tenancy option (OFTO) shall be considered and treated as a tenancy under the new voucher program and is subject to the requirements of the merger rule, including the new voucher rent calculation, except section 982.505(b)(2) shall not apply for calculation of the HAP until the effective date of the second regular reexamination on or after the merger date. Section 982.505(b)(2) is the provision that eliminates the shopping incentive for new voucher families:

"(b) Amount of monthly housing assistance payment. The PHA shall pay a monthly housing assistance payment on behalf of the family that is equal to the lower of:

- (1) The payment standard minus the total tenant payment; or
- (2) **The gross rent minus the total tenant payment."**

3. Applicability This notice applies only for families assisted under the Section 8 voucher program and for OFTO families.

New admissions, Moves, and any New leases and HAP contracts: Follow the new voucher rent calculation in Attachment 1.

Families who remain under pre-merger voucher and OFTO contracts: Follow the new voucher rent formula (Attachment 1) at the family's first reexamination after the merger date, however, do not apply the provision at section 982.505(b)(2), which eliminates the shopping incentive. This means that on line d of the new voucher rent formula, you will simply enter the payment standard. Note that pre-merger certificate program OFTO families automatically become voucher families effective October 1, 1999.

(For families who remain assisted under pre-merger certificate contracts, continue to use the certificate rent formula on the current form HUD-50058 (7/98) until the certificate family moves, enters a new lease with the owner, or has its assistance converted to new voucher assistance at the second annual reexamination following the merger date. When any of these events occurs, the certificate family must have its assistance converted to new voucher assistance.)

4. Effective Date October 1, 1999.

5. Completing the Form HUD-50058 for a New Voucher Family (excluding Families under Pre-merger Voucher and OFTO Contracts)

Complete the form HUD-50058 as usual for a voucher family until the PHA reaches Section 12, Section 8 Vouchers. In Section 12, complete lines 12a (Number of bedrooms on voucher) through 12i (Owner TIN/SSN) as usual. Complete the remaining Section 12 according to the instructions in this notice.

Attachment 1 is the new voucher rent formula to be used for families assisted with new voucher assistance starting October 1, 1999. (The formula includes the calculation to be used if a mixed family under the noncitizen rule is assisted with new voucher assistance.) Since the current form HUD-50058 and the flat file layout do NOT include the new voucher formula, it will be necessary to report certain information from the attached new voucher formula in established fields on the form HUD-50058 as follows:

New Voucher Formula Line:**Report on Form HUD-50058:**

d, Lower of payment standard
or gross rent

- Line 12j (Voucher payment standard)
- Field 15 of voucher record format

e, TTP: Copy from 9j

- Line 12k (TTP if based on adjusted income)
- Line 12k is not reported on the voucher record format. In field 16 of the voucher record format fill 12j minus 9j. If 9j is larger, put 0.

g, Total family share

- Line 12t (Total family contribution)
- Field 22 of voucher record format

After entering these fields, the PHA should complete lines 12m (Maximum subsidy) through 12r (Gross rent less maximum subsidy) according to the instructions on the form HUD-50058.

On line 12s (Minimum family contribution) enter zero.

Complete lines 12t (Total family contribution) through 12y (Utility reimbursement) according to the regular form HUD-50058 instructions.

For a Mixed Family with Prorated Assistance under the Noncitizen Rule Who is Assisted with New Voucher Assistance:

Enter zero on line 12aa (Alternate HAP).

Report the following information from the attached new voucher formula in established fields on the form HUD-50058:

New Voucher Formula Item:**Report on Form HUD-50058:**

aa, Normal total HAP

- Line 12ab (Normal total HAP)
- Field 29 voucher record format

After entering this field, complete lines 12ac (Total number eligible) through 12ak (Prorated HAP to owner) according to the regular form HUD-50058 instructions.

6. Completing the Form HUD-50058 for a Family Who Remains Assisted under a Pre-merger Voucher or OFTO Contract

Complete the form as instructed in paragraph 5, except in the new voucher formula line d, simply enter the payment standard.

7. Completing the Form HUD-50058 for a New Voucher Manufactured Home Owner Renting the Space (excluding Families under Pre-merger Voucher and OFTO Contracts)

Complete the form HUD-50058 as usual for a voucher family through Section 9.

DO NOT COMPLETE SECTION 14 OF THE FORM HUD-50058 (Manufactured Home Owner Renting the Space). The new voucher formula for a manufactured home owner renting the space mirrors the regular new voucher formula. Therefore, Section 12 of form HUD-50058 will be used to report a manufactured home owner who rents the space with new voucher assistance.

Enter "MHS" in line 12aj. This will identify the new voucher family as renting a manufactured home space.

Complete line 12a (Number of bedrooms on voucher) as usual. For line 12b, indicate whether the family is now moving to this space. In line 12c (Does the family qualify as a Hard to House family?) enter N. Complete lines 12d (Portability?) through 12f (HA No. billed) as usual. In lines 12h and 12i enter the space owner's name and TIN/SSN. Complete the remaining Section 12 according to the instructions in paragraph 5 of this notice.

8. Completing the Form HUD-50058 for a Family Renting a Manufactured Home Space Who Remains Assisted under a Pre-merger Voucher or OFTO Contract

Complete the form as instructed in paragraph 7, except in the new voucher formula line d, simply enter the payment standard.

9. Side-by-Side Comparison of Section 12 of Form HUD-50058 ("Old Voucher" Rent Formula) and Instructions in this Notice for Filling New Voucher Information

Attachment 2 provides the new voucher instructions alongside the "old voucher" formula format as an aid to understanding how the current form HUD-50058 should be filled for new vouchers.

Attachment 3 provides a similar comparison for manufactured home space rentals.

10. Multifamily Tenant Characteristics System (MTCS) Modifications and HUD Family Reporting Software (FRS)

The MTCS data collection edits and FRS 2.0 do not presently allow entry of the new voucher formula data as instructed in this notice. The MTCS team will modify the software to enter and accept the data by approximately October 1, 1999. Until MTCS, FRS, and PHA software is modified to permit transmission of data as instructed in this notice, PHAs should wait to transmit

voucher family records which follow these instructions.

11. Software Accommodation PHAs will have to modify their computer software to accommodate the new voucher formula. Otherwise, it will be necessary to perform the new voucher calculation separately and then input the above data elements as indicated for form HUD-50058 reporting.

12. MTCS Voucher Data Collection Edits; Rejection of Old Voucher Formula Starting October 1, 1999 Beginning October 1, 1999, MTCS will only accept data for voucher families that follows the new voucher formula outlined in this notice. For information on specific fatal and warning errors, see the Technical Reference Guide change pages at www.hud.gov/pih/systems/mtcs/document.html. PHAs with voucher family records with effective dates before October 1, 1999, must submit those voucher records before October 1, 1999.

13. Implications under Notice PIH 99-2, Reporting Requirements for MTCS The Department realizes that it may take PHAs beyond October 1, 1999, to implement the necessary software changes outlined in this notice. HUD expects that PHAs will have software changes in place to implement the new voucher formula and will submit affected voucher records by January 28, 2000.

Otherwise, PHAs must continue to report to MTCS in accordance with Notice PIH 99-2; that is, PHAs must achieve and sustain reporting of at least 85 percent for public housing and for Section 8 tenant-based assistance. PHAs that are not reporting at or above 85 percent for Section 8 at the semi-annual assessment period that ends December 31, 1999, are subject to review and sanctions.

HUD will consider favorably written requests for forbearance from sanctions from PHAs that are unable to meet the 85 percent minimum reporting requirement due to programming changes needed to automate the merger rule implementation. PHAs are expected to justify such a forbearance request, and demonstrate to HUD that they are making every effort to ensure that the merger rule software changes are implemented to permit full voucher reporting no later than January 28, 2000.

/s/

Harold Lucas
Assistant Secretary for
Public and Indian Housing

Attachment 1
Attachment 2
Attachment 3